

TSANTSABANE MUNICIPALITY

**Financial Statements
for the year ended 30 June 2006**

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

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TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

G.H.Mothibi (Mayor)
M.W.C. Besselaar
M.Oliphant
S.Willemse
H.English
J.J.Plaatjies
G.J.Mooki
G.P.Esau
J.J.Swart
G.H.Abrahams
K.Kasper

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General (Northern Cape)

BANKERS

ABSA Bank , P.O.Box 13 Postmasburg

REGISTERED OFFICE

13 Springbok Street
P.O.Box 5
Postmasburg
8420

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ACTING MUNICIPAL MANAGER

J.P. Mapanka

FINANCIAL MANAGER

D.N.Beukes

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out on pages 3 to 30 were approved by the Municipal Manager on _____ and presented to and approved by Council on _____.

J.P.MAPANKA
ACTING MUNICIPAL MANAGER

D.N.BEUKES
FINANCIAL MANAGER

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

MAYORS FOREWORD

The 2005/2006 financial year was once again a very difficult year due to cashflow and budget constraints. Although the municipality ended the financial year with a deficit there were definite improvements in many areas. The most notable improvement was an improvement from an average debtor payment percentage (excluding indigents) of +- 68% for the 2004/2005 financial year to 70.28% for the 2005/2006 financial year. Unfortunately that is still not adequate as can be seen from the deficit.

There are many institutional challenges that we have identified that will require our attention in the next year to ensure that our service delivery objectives are met. These relate to the high level of outstanding debtors and the need to reduce it, maintaining as close as possible a 100% collection rate, a realistic financial management strategy to address municipal services backlogs and to increase job creation efforts.

With very limited resources, our budget choices had to be responsive to the social and economic conditions facing our communities and yet had to be based on a sound and sustainable fiscal framework. The service delivery and socio-economic development challenges are many, and thus it is critical that in order to address these challenges successfully, we have to spend the budget optimally to maximize the impact.

I am positive that the financial situation as well as service delivery will improve in the 2006/2007 financial year, and that the challenges faced by the Municipality will be overcome.

In conclusion I would like to express my appreciation to the Council, Municipal Manager and all his staff, for their support, co-operation and hard work.

G.H.Mothibi
Mayor

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

TREASURER'S REPORT

1. OPERATING RESULTS

Details of the operating result per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2006 are as follows :

Income	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Opening surplus/(deficit)	1,627,396	-1,130,523	-169.47%		
Operating income for the year	32,639,863	34,318,394	5.14%	35,904,878	-4.42%
Closing (surplus)/deficit	1,130,523	2,534,630	224.20%		
	35,397,782	35,722,501		35,904,878	
Expenditure					
Opening (surplus)/deficit		0			
Appropriations for the year	1,840,064	-136,843	-107.44%		
Operating Expenditure	33,557,718	35,859,344	6.86%	35,904,878	-0.13%
	35,397,782	35,722,501		35,904,878	

1.1 RATES AND GENERAL SERVICES

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	15,691,505	16,751,627	6.76%	17,234,529	-2.80%
Expenditure	20,708,998	24,218,923	16.95%	21,488,290	12.71%
Surplus / (Deficit)	-5,017,493	-7,467,296		-4,253,761	
Surplus / (Deficit) as % of total income	-31.98%	-44.58%		-24.68%	

1.2 HOUSING SERVICES

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	0	0	0.00%	0	0.00%
Expenditure	45,418	44,760	-1.45%	39,147	14.34%
Surplus / (Deficit)	-45,418	-44,760		-39,147	
Surplus / (Deficit) as % of total income					

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FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

1.3 TRADING SERVICES

1.3.1 Water

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	5,545,577	5,638,043	1.67%	6,264,589	-10.00%
Expenditure	3,641,243	3,479,072	-4.45%	4,747,346	-26.72%
Surplus / (Deficit)	1,904,334	2,158,971		1,517,243	
Surplus / (Deficit) as % of total income	34.34%	38.29%		24.22%	

1.3.2 Electricity

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	11,402,781	11,928,724	4.61%	12,405,760	-3.85%
Expenditure	9,162,059	8,116,589	-11.41%	9,630,095	-15.72%
Surplus / (Deficit)	2,240,722	3,812,135		2,775,665	
Surplus / (Deficit) as % of total income	19.65%	31.96%		22.37%	

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 8,778,696.00, - 1,455.93% more than the previous year.
The actual expenditure is 46.49% less than that budgeted for and consists of the following :

	2006 Actual R	2006 Budget R	2005 Actual R
Land	0	1,950,000	0
Buildings	262,433	2,788,436	51,843
Infrastructure	7,737,575	10,822,220	97,782
Other fixed assets	778,688	843,600	453,338
TOTAL	8,778,696	16,404,256	602,963

A detailed analysis of Capital Expenditure per department and classification is included as Appendix C.

Resources used to finance the fixed assets were as follows :

	2006 Actual R	2006 Budget R	2005 Actual R
Loans	0	1,200,000	0
Operating Account	254,157	110,000	43,741
Provisions and Reserves	223,997	0	0
Grants and subsidies	7,889,940	15,094,256	161,992
Public Contributions	410,602	0	397,230
TOTAL	8,778,696	16,404,256	602,963

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

3. EXTERNAL LOANS , INVESTMENTS AND CASH

3.1 External Loans

External loans outstanding on 30 June 2006 amounted to R3,513,050.00 (R4,439,888.00 in 2005) as set out in Appendix B. During the year loans totalling R932,745.00 were repaid.

3.2 Investments

Investments amounted to R4,120,998.00 on 30 June 2006 (R6,142,546.00 in 2005).

Whilst the Council holds R4,120,998.00 in cash and investments, R913,090 of these funds will be required to fund the upgrade of the Show Grounds in Postmasburg (Grant received from the National Lottery). R1,420,851 of these funds will be used for the upgrading of the bulk water supply as well as the rehabilitation of the Sewerage Network (MIG). R407,997 of these funds will be used for various projects under control of the SDF (Service Delivery Facilitator) Project Consolidate (MSIG). The balance of the investments will be required to meet current liabilities.

More information regarding investments are disclosed in Note 7 of the Financial Statements.

3.3 Cash

Cash on hand and balances at banking institutions amounted to {(R5,021,023.00)} on 30 June 2006 {(R2,448,610.00) in 2005} More information are disclosed in notes.

4. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in Notes 1 - 3 and Appendix A to the financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Chairman and members of the Financial Committee, Councillors, the Municipal Manager and the general staff for their assistance and support during the year.

D.N.Beukes
Financial Manager
Tsantsabane Municipality
30 June 2006

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy - Note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received such as traffic fines and certain licenses.
 - Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

The financial statements include the rate and General services, trading services and the different funds and reserves. All inter departmental charges are set-off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments. Income and expenditure of assessment rates, refuse removal, sewerage, electricity and water departments are treated separately.

3. FIXED ASSETS

- 3.1 Fixed Assets are stated:
 - at historical cost; or
 - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

 - Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

- 3.3 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling rate applicable at the time that the advance is made.

- 3.4 All net proceeds from the sale of assets are credited to the Revolving Fund.

4. FUNDS AND RESERVES

4.1 Revolving Fund

Ordinance 20 of 1974, section 75(1), as amended determines that a local authority must make a minimum contribution of 7.5% in terms of the rates income of the previous financial year towards the Revolving Fund.

4.2 Insurance Fund

This fund is maintained to cover insurance claims not paid in terms of Council's insurance policy.

4.3 Dog Tax Fund

Ordinance 19 of 1978, section 4, as amended prescribes that all funds generated with the sale of dog licenses be deposited into the Dog Tax Fund. All expenses towards dogs and related matters including 15% administration fees and 15% collection fees may also be withdrawn from the fund.

4.4 Loan Redemption Fund

The repayment of stocks is provided for by annual contributions to the fund. The redemption of loans paid semi-annually on an annuity basis.

4.5 Capital Reserves

Reserves are provided in order to supply capital for the replacement of assets.

4.6 Maintenance Fund

Reserves are provided in order to pay for major repair work on vehicles, equipment and buildings.

4.7 Lottery Show Grounds

This fund is a grant received from the National Lottery to upgrade the existing Show Grounds in Postmasburg

4.8 MIG Projects

This fund is the MIG (Municipal Infrastructure Grant) received for the upgrading of the bulk water supply as well as the rehabilitation of the sewerage works in Postmasburg.

4.9 Tsantsabane Bursary Fund

This fund is donations received from various institutions and will be used to fund the further studies of members of the community.

4.10 Financial Assistance - Vaal Gamagarra

This fund is grant of R1,500,000.00 received from the Northern Cape Provincial Government to pay the long outstanding creditor - Vaal Gamagarra. The issue of the accumulated interest is currently being discussed in Cabinet and the Council is waiting for a reply.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

4.11 FMG Grant

This fund is a grant received from National Treasury to improve the Financial Capacity within the Municipality.

4.12 Cemetery

This fund is a contribution of R2,00 per month that the community of Postdene made for the rehabilitation of the cemetery in Postdene.

4.13 MSIG - Project

This fund is a grant received from National Treasury to complete certain projects under the Project Consolidate initiative.

4.14 MSIG - SDF Project

This fund is a grant received from National Treasury to complete certain projects under the Project Consolidate initiative.

4.15 Disaster Relief Water Service

This fund is a grant received from DWAF to provide water in the Groenwater and Skeyfontein communities.

4.16 EPWP Tsantabane Streets

This fund is a grant received from Siyanda District Council to complete certain Expanded Public Works Projects.

4.17 Upgrading Electrical Network Olifantshoek

This fund is a grant received from the Department of Housing and Local Government Northern Cape to upgrade the electrical network of Olifantshoek.

4.18 Library Development Fund

This fund is a grant received from Provincial Government to subsidise the operating costs of Libraries.

5 SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of the Electricity and Water Services are transferred to Rate and General services.

6 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

7 RETIREMENT BENEFITS

Tsantsabane Municipality and its employees contribute to the following funds :

Joint Municipal Fund (Cape)

SAMWU Provident Fund

IMATU Provident Fund

which provides retirement benefits to such employees.

The retirement benefit plan is subjected to the Pension Fund Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

9 INVENTORY

Inventory is valued at the lower of cost ,determined on the weighted-average basis, and net realisable value.

10 INCOME RECOGNITION

10.1 Electricity and Water Billings

Meters on all properties are read and billed monthly. Prepaid electricity are also sold.

10.2 Assessment Rates

Assessment Rates are raised according to the valuation of buildings and stands. A rebate is given to land owners under certain conditions. Lands zoned for agricultural purposes qualifies, as well as pensioners under certain conditions

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

BALANCE SHEET AS AT 30 JUNE 2006

	<u>Note</u>	<u>2006</u> <u>Rand</u>	<u>2005</u> <u>Rand</u>
<u>CAPITAL EMPLOYED</u>			
FUNDS AND RESERVES		10,878,096	10,761,896
Statutory funds	1	10,478,657	10,362,457
Reserves	2	399,439	399,439
(ACCUMULATED DEFICIT) / RETAINED INCOME	18	-2,534,630	-1,130,523
		8,343,466	9,631,373
TRUST FUNDS	3	8,642,927	7,136,410
LONG-TERM LIABILITIES	4	2,465,249	3,511,709
CONSUMER DEPOSITS	5	487,041	470,089
TOTAL		19,938,683	20,749,581
<u>EMPLOYMENT OF CAPITAL</u>			
FIXED ASSETS	6	707,657	1,744,075
INVESTMENTS	7	-	-
LONG-TERM DEBTORS	8	-	-
INTERNAL ADVANCE	9	36,571	36,571
NET CURRENT ASSETS / LIABILITIES		19,194,455	18,968,935
CURRENT ASSETS		48,440,494	45,886,034
Inventory	10	737,468	653,072
Consumer Debtors	11	40,207,491	36,322,419
Other Debtors	11	3,359,021	2,718,465
Cash		15,516	15,636
Short-Term Investments	7	4,120,998	6,142,546
Short-Term Portion of Long-Term Debtors	8	-	33,896
CURRENT LIABILITIES		29,246,039	26,917,099
Provisions	12	1,435,409	2,102,703
Creditors	13	21,726,290	21,421,970
Short-term Portion of Long-Term Liabilities	4	1,047,801	928,179
Bank Overdraft		5,036,539	2,464,247
		19,938,683	20,749,581

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30 , 2006

2005			2006			
Actual Income	Actual Expenditure	Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/(Deficit)
15,691,505	20,708,998	-5,017,493	16,751,626	24,218,923	-7,467,297	-4,253,761
8,593,551	15,850,462	-7,256,911	8,222,242	18,888,577	-10,666,335	-7,487,540
0	113,170	-113,170	829,151	558,675	270,476	-24,549
7,097,954	4,745,366	2,352,588	7,700,233	4,771,671	2,928,562	3,258,328
0	45,418	-45,418	0	44,760	-44,760	-39,147
16,948,358	12,803,302	4,145,056	17,566,768	11,595,661	5,971,107	4,292,908
32,639,863	33,557,718	-917,855	34,318,394	35,859,344	-1,540,950	0
		-1,840,064			136,843	
		-2,757,919			-1,404,107	
		1,627,396			-1,130,523	
		-1,130,523			-2,534,630	

Refer to appendices D and E for more detail

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

CASHFLOW STATEMENT FOR THE YEAR ENDED JUNE 30 , 2006

	NOTE	2006 Rand	2005 Rand
CASH RETAINED FROM OPERATING ACTIVITIES		5,111,574	745,601
Cash generated by operations	19	10,475,094	1,813,329
Investment income		171,350	144,641
(Increase) / decrease in working capital	20	-4,922,150	-469,135
		5,724,294	1,488,835
Less : External interest paid		-612,720	-743,234
Cash available from operations		5,111,574	745,601
Cash contributions from the public and state		-	-
Net proceeds on disposal of fixed assets		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		-8,778,696	-602,963
(Increase) / Decrease in long term debtors		-	-
NET CASH FLOW		-3,667,122	142,638
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (decrease) in long term loans	21	-926,838	-887,428
(Increase) / decrease in cash investments	22	2,021,548	314,441
(Increase) / decrease in cash	23	2,572,412	430,349
NET CASH (GENERATED) / UTILISED		3,667,122	-142,638

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
1. STATUTORY FUNDS		
Revolving Fund	9,829,712	9,717,406
Insurance Fund	535,360	531,466
Dog Tax	106,357	106,357
Community Facilities Fund	7,228	7,228
	<u>10,478,657</u>	<u>10,362,457</u>
(Refer to Appendix A for more details)		
2. RESERVES		
Town Hall Reserve	4,667	4,667
Infrastructure Reserve	7,918	7,918
Sport Facilities Reserve	34,833	34,833
Leave Reserve	30,234	30,234
Loss of Rental Reserve	110,164	110,164
Maintenance Reserve	211,623	211,623
	<u>399,439</u>	<u>399,439</u>
(Refer to Appendix A for more details)		
3. TRUST FUNDS		
Structure Planning	12,707	12,707
Survey Boichoko	-	90,102
Sewerages & Stormwater	162,580	162,580
S/B Job Creation	12,490	12,490
Squatters	2,853	2,853
Community Facilities	60,670	60,670
Development No 1	21,514	20,643
Library	24,854	33,444
Boichoko 50%	230	148
Newtown 50%	176	107
Maintenance and Repairs	23,171	20,723
IDP Fund	10,574	10,487
Upgrading electrical network	50,021	50,021
District Council Refuse and taxi	24,356	21,486
SDR Donation	13,127	13,127
Capital Project - Cemetary	3,506	3,506
Chalets	24,537	24,537
Employment Fund	457	457
Bridge Fund	72,742	72,742
Employment Swimming Pool Fund	4,996	4,996
Civil Defense	135	135
30 Houses	24,638	24,638
Structure Planning	41,788	41,788
HOP	13,782	13,782
Joint Fund	88,680	88,680
Transitional Fund	-	12,531
Lottery Show Grounds	944,975	1,280,455
Financial Assistance - Vaal Gamagarra	1,520,519	1,520,519
Financial Assistance	128,484	340,302
Tsantsabane Bursary Fund	-	5,001
FMG Grant	140,336	104,753
Cemetery	55,349	54,983
Valuations	83,379	83,379
Development Funds	29,000	29,000
Retained Funds	317,048	310,988
Maintenance Electricity	78,575	76,565
Equipment	35,352	35,352
Survey Newtown	4,311	4,311
Creche Building	10,651	10,651
Assmang	15,001	30,000
Parking Area	89,136	89,217
MIG Project	2,168,890	2,252,285
NER 22 Homes Olifantshoek	19,774	19,774
Upgrading Electrical Network - Olifantshoek	2,221	-
MSIG Project	681,409	-
MSIG - SDF Project	190,139	-
Disaster Relief Water Service	973,245	-
EPWP Tsantsabane Streets	275,818	-
Library Development Fund	88,312	-
Library Development Fund	-	-
PMG Mining	33,912	89,495
Vehicles Siyanda	62,507	-
	<u>8,642,927</u>	<u>7,136,410</u>
(Refer to Appendix A for more details)		

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
4. LONG TERM LIABILITIES		
Long-Term Loan (ABSA)	51,522	122,381
Development Bank of SA	3,152,314	3,913,862
Vehicle Loans - Siyanda	309,214	403,645
Less : Current portion transferred to current liabilities	-1,047,801	-928,179
: Development Bank of SA	-890,893	-761,549
: Vehicle Loans - Siyanda	-105,386	-94,431
: Long-Term Loan (ABSA)	-51,522	-72,199
	<u>2,465,249</u>	<u>3,511,709</u>

Refer to Appendix B for more detail on long-term liabilities

R2,421,989 (2005 : R1,115,472) has been set aside for the repayment of loans.

Long-Term Loan (ABSA)

Carry interest at a rate of 11.00% per annum and will be fully redeemed in November 2006

DEVELOPMENT BANK OF SA

Carry interest at a rate of 15.79% and are repayable over a period of 5 years.

All existing loans consolidated on 1 July 2004 and will be fully redeemed in 2009.

VEHICLE LOANS SIYANDA

Carry interest at rates varying between 12.689% and 12.916% and are repayable over a period of 5 years.

5. CONSUMER DEPOSITS

Water and Electricity

487,041	470,089
<u>487,041</u>	<u>470,089</u>

All consumers (excluding bulk electricity users - Deposit discretion of Municipal Manager) are required to pay a deposit of R1,082.00 consisting of R695.00 for electricity and R387.00 for water. Deposits are considered a long-term liability as the deposit is only refunded once the service is terminated. Interest is not paid on deposits.

FIXED ASSETS

Fixed Assets at the beginning of the year

Capital expenditure during the year

Less : Assets written off, transferred or disposed of during the year

Total Fixed Assets

58,542,242	57,939,279
8,778,696	602,963
-	-
<u>67,320,938</u>	<u>58,542,242</u>

Less : Loans redeemed and other capital receipts

Net fixed Assets

-66,613,281	-56,798,167
<u>707,657</u>	<u>1,744,075</u>

(Refer to Appendix C and Section 2 of the Treasurer's Report for more details on fixed assets)

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
7. INVESTMENTS		
Unlisted		
Fixed Deposits	-	-13,030
Call Deposits	13,980	25,481
Short Term Deposits	4,107,018	6,130,095
Less : Short term investment transferred to Current Assets	<u>-4,120,998</u>	<u>-6,142,546</u>
	<u>-</u>	<u>-</u>
Market value of listed investments	-	-
Management's valuation of unlisted investments	4,120,998	6,142,546
Average rate of return on investments	2.07%	4.66%
Investments were made according to the stipulations of the Second Amendment on the Local Government Transition Act, Act 97 of 1996, Section 9		
No investments have been written off during the year.		
8. LONG TERM DEBTORS		
Car loans	-	33,896
Less : Short term portion transferred to Current Assets	<u>-</u>	<u>33,896</u>
	<u>-</u>	<u>-</u>
These loans are used to acquire motor vehicles by qualifying senior staff members. These loans attract interest at a rate of 8% per annum and are repayable over 3½ years. These loans were repaid in full by March 2006.		
9. INTERNAL ADVANCE		
Internal Loans	588,232	691,905
Internal advances	624,803	728,476
	<u>36,571</u>	<u>36,571</u>
(Refer to Appendix B for more details)		
10. INVENTORY		
Inventory represents petrol & diesel and consumable stores	737,468	653,072
	<u>737,468</u>	<u>653,072</u>

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
11. DEBTORS		
Consumer Debtors	41,578,107	43,858,235
Ditloung	-	-
Housing	-	-
Revolving Fund	61,098	61,098
Sundry Debtors	3,297,923	2,657,367
Less : Provision for bad debt	-1,370,616	-7,535,816
	<u>43,566,512</u>	<u>39,040,884</u>
Days outstanding in debtors amount to 521 days.		
<u>Consumer Debtors : Ageing</u>		
Current (0-30 days)	4,257,235	1,276,116
31 - 60 Days	1,662,351	1,033,599
61 - 90 Days	931,973	950,230
91 - 120 Days	833,269	879,336
120 + Days	33,893,279	39,718,954
Total	<u>41,578,107</u>	<u>43,858,235</u>
12. PROVISIONS		
Audit Fees	-	-
Maintenance Machines	259,482	258,924
Housing	733,768	1,382,904
Provision Leave	442,159	460,875
	<u>1,435,409</u>	<u>2,102,703</u>
13. CREDITORS		
Vehicle Registrations	35,547	96,197
Trade Creditors	11,080,629	11,381,147
Vat Payable	8,903,479	7,552,049
Retention	-	-
Deposits	-	-3,256
Suspension	421,516	421,516
Sundry	1,285,119	1,974,317
	<u>21,726,290</u>	<u>21,421,970</u>
14. ASSESMENT RATES		
Valuation		
Residential	166,980,746	119,871,546
Commercial	40,133,611	23,915,276
State	37,399,941	32,078,170
Municipal	7,747,733	9,369,170
	<u>252,262,031</u>	<u>185,234,162</u>
Actual Income		
Residential	2,361,014	2,466,541
Commercial	868,250	885,819
State	515,103	770,728
Municipal	106,018	11,803
	<u>3,850,385</u>	<u>4,134,891</u>

Valuations are performed every five years and the last valuation came into effect on 1 July 2005

The basic rates were as follows

	Site	Improvements
Residential	0.0200	0.0200
Commercial	0.0225	0.0225

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
15. COUNCILLORS REMUNERATION		
Mayor's Allowance	176,530	166,938
Deputy Mayor's allowance	-	-
Councillors Allowances	433,800	410,325
Management Committee Allowance	-	-
	<u>610,330</u>	<u>577,263</u>
Allowances and benefits paid to political office bearers are within the upper limits of the framework envisaged in section 219 of the Constitution.		
16. AUDITORS REMUNERATION		
Audit Fees	320,138	171,681
	<u>320,138</u>	<u>171,681</u>
17. FINANCE TRANSACTIONS		
Total external interest earned and paid		
- Interest Earned	196,782	81,456
- Interest Paid	612,720	753,734
Capital charges debited to operating account		
Interest :	643,713	783,025
- Internal	30,993	39,791
- External	612,720	743,234
Redemption :	1,036,418	1,067,240
- Internal	103,673	157,338
- External	932,745	909,902
	<u>1,680,131</u>	<u>1,850,265</u>

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
18. APPROPRIATIONS		
Accumalated surplus / (deficit) at the beginning of the year	-1,130,523	1,627,396
Operating surplus / (deficit) for the year	-1,540,950	-917,855
Appropriations for the year :		
Prior year adjustment	136,843	-1,840,064
Contribution to Revolving Fund	-	-
Services - Adjustments	767,566	405,853
Adjustments - Expenditure	-630,723	-2,245,917
External Loans - write of interest	-	-
Correction of History	-	-
Provisions - Sundry	-	-
Audit Adjustment	-	-
Vat Adjustment	-	-
Special contributions to provisions	-	-
Accumalated surplus / (deficit) at the end of the year	<u><u>-2,534,630</u></u>	<u><u>-1,130,523</u></u>
Operating Account		
Capital Expenditure	-	-
Contributions to :		
Rentloss Reserve	-	-
Development Cost	-	-
Capital Development Fund / Revolving Fund	273,273	376,988
Rental - Loss Reserve Fund	-	-
Insurance	3,894	-
Renewal Fund	-	-
Removal Reserve	-	-
Maintenance Reserve (Housing)	-	-
Maintenance Reserve (Electricity)	-	-
Maintenance Reserve (Water)	-	-
Audit Fees	-	-
Leave Provision	2,705	208,263
Redemption Fund	-	-
Bad debts provision	-	304,839
	<u><u>279,872</u></u>	<u><u>890,090</u></u>

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
19. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the year	-1,540,950	-917,855
Adjustments in respect of :		
- Previous year	136,843	-1,840,064
- Current Year	-	-
- Transfer reserves to Housing Operating Account	-	-
	-1,404,107	-2,757,919
Appropriations charged against income:	10,230,063	2,760,774
- Renewal Fund	-	-
- Trust Fund	1,398,497	1,957,728
- Loan redemption Fund	-	-135,448
- Audit Fees Provision	-	-
- Leave Provision	-	-
- Redemption Fund	-	-
- Insurance	3,894	-
- Revolving Fund	48,976	335,531
- Capital Reserve Fund	-	-
- Provisions and Reserves	-	-
- Other	-	-
- Fixed Assets	8,778,696	602,963
Capital Charges :		
Interest paid :	643,713	783,025
- Internal Funds	30,993	39,791
- External Funds	612,720	743,234
Redemption :	1,036,418	1,067,240
- External Loans	932,745	909,902
- Internal Loans	103,673	157,338
	-30,993	-39,791
Interest (Received)	-30,993	-39,791
Interest Paid	-	-
Non - operating income	-	-
Deferred Charges written off	-	-
Non - operating expenditure charged against	-	-
- Funds	-	-
- Other	-	-
- Provisions and Reserves	-	-
- Provisions	-	-
	<u>10,475,094</u>	<u>1,813,329</u>
20. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in stock	-84,396	67,180
(Increase) / decrease in debtors , long term debtors	-4,491,732	-3,403,859
Increase / (decrease) in creditors , consumer deposits , provisions	-346,022	2,867,544
	<u>-4,922,150</u>	<u>-469,135</u>

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2006 (continued)

	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
21. INCREASE / (DECREASE) IN LONG TERM LOANS EXTERNAL		
Loans Raised	5,906	22,474
Loans repaid/written off	-932,744	-909,902
	<u>-926,838</u>	<u>-887,428</u>
22. (INCREASE) / DECREASE IN CASH INVESTMENTS		
Investments realised	15,270,758	9,346,438
Investments made	13,249,210.00	9,031,997
	<u>2,021,548</u>	<u>314,441</u>
23. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	-2,448,611	-2,018,262
Less : Cash balance at the end of the year	-5,021,023	-2,448,611
	<u>2,572,412</u>	<u>430,349</u>
24. OFFICIALS REMUNERATION		
Municipal Manager	420,000	360,000
Senior Managers	1,123,942	1,086,338
	<u>1,543,942</u>	<u>1,446,338</u>

TSANTSABANE MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006
APPENDIX A
ACCUMULATED FUNDS, TRUSTS, RESERVES AND PROVISIONS

	Balance at 6/30/2005	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year	Balance at 6/30/2006
STATUTORY FUNDS	10,362,457.00	277,167.00	63,330.00	-	224,297.00	10,478,657.00
Revolving Fund	9,717,406.00	273,273.00	63,330.00	-	224,297.00	9,829,712.00
Insurance Fund	531,466.00	3,894.00	-	-	-	535,360.00
Dog Tax	106,357.00	-	-	-	-	106,357.00
Community Facilities Fund	7,228.00	-	-	-	-	7,228.00
RESERVES	399,439.00	-	-	-	-	399,439.00
Town Hall Reserve	4,667.00	-	-	-	-	4,667.00
Infrastructure Reserve	7,918.00	-	-	-	-	7,918.00
Sport Facilities Reserve	34,833.00	-	-	-	-	34,833.00
Leave Reserve	30,234.00	-	-	-	-	30,234.00
Loss of Rental Reserve	110,164.00	-	-	-	-	110,164.00
Maintenance Reserve	211,623.00	-	-	-	-	211,623.00
TRUST FUNDS	7,136,410.00	13,634,750.00	108,020.00	-	12,236,253.00	8,642,927.00
Structure Planning	12,707.00	-	-	-	-	12,707.00
Soy Boichoko	90,102.00	-	1,069.00	-	91,171.00	-
Storages & Stormwater	162,580.00	-	-	-	-	162,580.00
S/B Job Creation	12,490.00	-	-	-	-	12,490.00
Squatters	2,853.00	-	-	-	-	2,853.00
Community Facilities	60,670.00	-	-	-	-	60,670.00
Development No 1	20,643.00	-	871.00	-	-	21,514.00
Library	33,444.00	-	458.00	-	9,048.00	24,854.00
Boichoko 50%	148.00	-	82.00	-	-	230.00
Newtown 50%	107.00	-	69.00	-	-	176.00
Maintenance and Repairs	20,723.00	-	2,448.00	-	-	23,171.00
IDP Fund	10,487.00	-	87.00	-	-	10,574.00
Upgrading electrical network	50,021.00	-	-	-	-	50,021.00
District Council Refuse and taxi	2,600.00	-	555.00	-	10.00	3,145.00
Electrical Panels - Sewerage Pump	15,719.00	-	526.00	-	9.00	16,236.00
Taxi Rank	3,167.00	-	1,841.00	-	33.00	4,975.00
SDR Donation	13,127.00	-	-	-	-	13,127.00
Capital Project - Cemetery	3,506.00	-	-	-	-	3,506.00
Chalets	24,537.00	-	-	-	-	24,537.00
Employment Fund	457.00	-	-	-	-	457.00
Bridge Fund	72,742.00	-	-	-	-	72,742.00
Employment Swimming Pool Fund	4,996.00	-	-	-	-	4,996.00
Civil Defense	135.00	-	-	-	-	135.00
30 Houses	24,638.00	-	-	-	-	24,638.00
Structure Planning	41,788.00	-	-	-	-	41,788.00
Joint Fund	88,680.00	-	-	-	-	88,680.00
Transitional Fund	13,782.00	-	-	-	-	13,782.00
Lottery Show Grounds	12,531.00	-	36.00	-	12,567.00	-
Financial Assistance - Vaal Gamagarra	1,280,455.00	1,237,812.00	8,830.00	-	1,582,122.00	944,975.00
Financial Assistance	1,520,519.00	-	-	-	-	1,520,519.00
Tsantsabane Bursary Fund	340,302.00	-	2,477.00	-	214,295.00	128,484.00
FMG Grant	5,001	-	9.00	-	5,010.00	-
Cemetery	104,753	250,000.00	5,388.00	-	219,805.00	140,336.00
Valuations	54,983	-	366.00	-	-	55,349.00
Development Funds	83,379	-	-	-	-	83,379.00
Retained Funds	29,000	-	-	-	-	29,000.00
Maintenance Electricity	310,988	-	6,060.00	-	-	317,048.00
Equipment	76,565	-	2,010.00	-	-	78,575.00
Survey Newtown	35,352	-	-	-	-	35,352.00
Creche Building	4,311	-	-	-	-	4,311.00
Assmang	10,651	-	-	-	-	10,651.00
Parking Area	30,000	5,010.00	291.00	-	20,300.00	15,001.00
MIG Project	89,217	-	3.00	-	84.00	89,136.00
NER 22 Homes Olifantshoek	2,252,285	5,223,261.00	36,488.00	-	5,343,144.00	2,168,890.00
Upgrading Electrical Network - Olifantshoek	19,774	-	-	-	-	19,774.00
MSIG Project	-	2,046,211.00	1,772.00	-	2,045,762.00	2,221.00
MSIG - SDF Project	-	734,000.00	7,224.00	-	59,815.00	681,409.00
Disaster Relief Water Service	-	2,000,000.00	15,799.00	-	1,825,660.00	190,139.00
EPWP Tsantsabane Streets	-	967,000.00	8,975.00	-	2,730.00	973,245.00
Library Development Fund	-	843,500.00	453.00	-	568,135.00	275,818.00
Library Development Fund	-	121,372.00	1,148.00	-	34,208.00	88,312.00
PMG Mining	-	6,584.00	-	-	6,584.00	-
Vehicles Siyanda	89,495	-	1,173.00	-	56,756.00	33,912.00
	-	200,000.00	1,512.00	-	139,005.00	62,507.00

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

APPENDIX A

ACCUMULATED FUNDS, TRUSTS, RESERVES AND PROVISIONS (Continued)

	Balance at 6/30/2005	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year	Balance at 6/30/2006
HOUSING	1,382,904.00	-	305.00	-	649,441.00	733,768.00
Development	2,611.00	-	-	-	-	2,611.00
Loss of Rental	169,269.00	-	305.00	-	-	169,574.00
Maintenance Buildings	549,362.00	-	-	-	-	549,362.00
Housing Selling Scheme 399	21.00	-	-	-	21.00	-
Housing Selling Scheme 234	13,972.00	-	-	-	13,972.00	-
Housing Selling Scheme 4 Xhosis	9,372.00	-	-	-	9,372.00	-
Self-help Scheme	242,117.00	-	-	-	242,117.00	-
31 Brown Homes Newtown	195,075.00	-	-	-	195,075.00	-
30 White Homes Newtown	188,884.00	-	-	-	188,884.00	-
Houses Sold Boichoko	12,221.00	-	-	-	-	12,221.00
PROVISIONS	8,255,614.00	2,705.00	558.00	-	6,186,619.00	2,072,258.00
Fees	-	-	-	-	-	-
ision Leave	460,874.00	2,705.00	-	-	21,419.00	442,160.00
Bad Debts	7,535,816.00	-	-	-	6,165,200.00	1,370,616.00
Main Machines	258,924.00	-	558.00	-	-	259,482.00

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS

LONG-TERM LOAN

Uitvalwerke

ABSA

Prime

30-0781-0576

Nov 2006

290,000

122,381

5,906

76,765

-

51,522

290,000

122,381

5,906

76,765

-

51,522

DEVELOPMENT BANK OF SA

Water

DBSA

11.00%

12435

Jul 2009

168,000

4,193

-

816

-

3,377

Sewerage

DBSA

16.84%

12577

Jul 2009

506,875

549,862

-

106,991

-

442,871

Purification works

DBSA

16.84%

12578

Jul 2009

536,000

608,934

-

118,485

-

490,449

Tar roads

DBSA

16.24%

12580

Jul 2009

100,000

34,669

-

6,746

-

27,923

Sewerage

DBSA

16.38%

12581

Jul 2009

298,500

203,992

-

39,692

-

164,300

Tar Stander street

DBSA

16.99%

12582

Jul 2009

100,000

45,867

-

8,925

-

36,942

Sewerage

DBSA

16.99%

12585

Jul 2009

498,460

367,656

-

71,537

-

296,119

Tar Ferroway

DBSA

15.22%

12586

Jul 2009

60,000

28,636

-

5,572

-

23,064

Sewerage

DBSA

15.26%

12587

Jul 2009

1,189,230

1,266,367

-

246,406

-

1,019,961

Testing Grounds

DBSA

15.22%

12589

Jul 2009

178,614

174,297

-

33,914

-

140,383

Carnation town

DBSA

13.60%

12592

Jul 2009

139,933

83,576

-

16,262

-

67,314

Carnation

DBSA

13.60%

12593

Jul 2009

183,059

109,341

-

21,275

-

88,066

Substation

DBSA

16.99%

12583

Jul 2009

100,000

45,867

-

8,925

-

36,942

Hillside Capasitators

DBSA

15.22%

12588

Jul 2009

170,000

81,142

-

15,788

-

65,354

Carnation

DBSA

13.60%

12591

Jul 2009

327,008

309,463

-

60,214

-

249,249

4,555,679

3,913,862

-

761,548

-

3,152,314

VEHICLE LOANS - SIYANDA

Toyota Hilux - 2.4 BRB499NC

Wesbank

12.916%

8802 011

Feb-09

96,461

77,939

-

18,245

-

59,694

Toyota Hilux - 2.4 BRB501NC

Wesbank

12.921%

8802 029

Feb-09

96,275

77,764

-

18,218

-

59,546

Toyota Hilux - 2.4 BRB267NC

Wesbank

12.921%

8802 037

Feb-09

95,375

77,078

-

18,042

-

59,036

Toyota 3 ton Dyna

Wesbank

12.689%

8802 045

Feb-09

213,099

170,864

-

39,926

-

130,938

501,210

403,645

-

94,431

-

309,214

TOTAL EXTERNAL LOANS

5,346,889

4,439,888

5,906

932,744

-

3,513,050

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

(continued)

INTERNAL ADVANCES

Olifantshoek

Prepaid Meters

Interest Rate	Original Loan	Balance at 30-Jun-05	Redemption	Interest	Balance at 30-Jun-06
10.00%	40,988	21,145	4,556	2,115	16,589
6.00%	1,000,000	367,256	65,149	22,036	302,107
4.00%	50,000	4,857	4,857	291	0
4.00%	324,815	93,592	29,111	6,551	64,481
	1,415,803	486,850	103,673	30,993	383,177

Postmasburg

Sewerage Network

Caravan Park

Offices

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2005		Budget 2005/2006	Balance at 6/30/2005	Expenditure during year	Transfer or written off	Balance at 6/30/2006
519,181.00	RATES AND GENERAL SERVICES	10,201,256.00	34,999,456.00	4,192,933.00	-	39,192,389.00
505,181.00	Community Services	4,072,536.00	26,070,062.00	1,325,980.00	-	27,396,042.00
-	Town Planning	-	13,532,472.00	-	-	13,532,472.00
198,171.00	Public Works	893,500.00	3,189,090.00	284,859.00	-	3,473,949.00
-	Management Services	15,000.00	111,729.00	-	-	111,729.00
1,392.00	Municipal Manager	-	399,946.00	28,502.00	-	428,448.00
106,060.00	Financial Manager	18,500.00	963,985.00	523,270.00	-	1,487,255.00
221.00	Traffic Services	100,000.00	224,831.00	178,156.00	-	402,987.00
127,941.00	Library	67,100.00	1,584,878.00	25,083.00	-	1,609,961.00
54,396.00	Municipal Buildings	200,000.00	2,097,177.00	248,419.00	-	2,345,596.00
-	Parks and Recreation	2,588,436.00	473,394.00	14,014.00	-	487,408.00
-	Museum	-	-	-	-	-
17,000.00	Administration	-	127,991.00	23,677.00	-	151,668.00
-	Cemetary	40,000.00	7,522.00	-	-	7,522.00
-	Commonage	150,000.00	39,852.00	-	-	39,852.00
-	Pound	-	25,000.00	-	-	25,000.00
-	Aerodrome	-	562.00	-	-	562.00
-	Caravan Park	-	59,322.00	-	-	59,322.00
-	Welgelee Buildings	-	272,552.00	-	-	272,552.00
-	Swimming Pool	-	261,721.00	-	-	261,721.00
-	Swimming Pool Welgelee	-	148,439.00	-	-	148,439.00
-	Board General	-	42,947.00	-	-	42,947.00
-	Radio Link MSP	-	271,860.00	-	-	271,860.00
-	Computer Equipment	-	690,352.00	-	-	690,352.00
-	Ditlounge	-	1,544,440.00	-	-	1,544,440.00
-	Subsidised services	-	169,461.00	-	-	169,461.00
-	Ambulance	-	79,733.00	-	-	79,733.00
-	Fire Fighting	-	20,578.00	-	-	20,578.00
-	Health	-	69,150.00	-	-	69,150.00

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2005		Budget 2005/2006	Balance at 6/30/2005	Expenditure during year	Transfer or written off	Balance at 6/30/2006
14,000.00	Economic Services	6,128,720.00	8,759,933.00	2,866,953.00	-	11,626,886.00
14,000.00	Refuse	470,000.00	110,458.00	-	-	110,458.00
-	Sanitation	93,000.00	2,061,851.00	-	-	2,061,851.00
-	Sewerage	5,565,720.00	6,587,624.00	2,866,953.00	-	9,454,577.00
-	HOUSING SERVICES	1,800,000.00	16,100,797.00	-	-	16,100,797.00
-	Housing	1,800,000.00	4,601,261.00	-	-	4,601,261.00
-	Econ - Housing	-	10,848,957.00	-	-	10,848,957.00
-	Sub econ - Housing	-	650,579.00	-	-	650,579.00
83,782.00	TRADING SERVICES	4,403,000.00	7,441,989.00	4,585,763.00	-	12,027,752.00
-	Electricity	1,215,000.00	4,486,485.00	2,069,300.00	-	6,555,785.00
83,782.00	Water	3,188,000.00	2,955,504.00	2,516,463.00	-	5,471,967.00
602,963.00	TOTAL FIXED ASSETS	16,404,256.00	58,542,242.00	8,778,696.00	-	67,320,938.00
LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		16,404,256.00	56,798,167.00	9,815,114.00	-	66,613,281.00
	Loans redeemed	1,200,000.00	10,333,582.00	1,036,418.00	-	11,370,000.00
	Grants and Subsidies	15,094,256.00	18,712,538.00	7,889,940.00	-	26,602,478.00
	Contributions from operating income	110,000.00	6,074,617.00	254,157.00	-	6,328,774.00
	Contributions from public	-	21,620,423.00	410,602.00	-	22,031,025.00
	Contributions from provisions and reserves	-	57,007.00	223,997.00	-	281,004.00
		-	1,744,075.00	-1,036,418.00	-	707,657.00

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED JUNE 30 , 2006

ACTUAL 2005	INCOME	ACTUAL 2006	BUDGET 2006
3,060,873.00	Grants and subsidies	3,693,668.00	4,273,694.00
3,060,873.00	Central Government	3,659,668.00	4,273,694.00
-	Provincial Government	34,000.00	-
-	Other	-	-
25,356,693.00	Operating Income	26,073,328.00	27,210,473.00
4,134,891	Assessment Rates	3,850,385	4,032,546
11,397,381	Electricity Sales	11,928,724	12,381,760
5,544,783	Water Sales	5,638,043	6,246,589
4,279,638	Wastewater and Sanitation	4,656,176	4,549,578
81,456	Interest on Investments	22,377	500
69,310	Fines	203,510	160,000
4,071,531	Other Income	4,325,511	4,260,211
32,639,863	TOTAL INCOME	34,318,394	35,904,878
EXPENDITURE			
14,891,363	Salaries and Wages	17,063,053	15,327,658
17,150,662	General Expenses	17,344,207	17,102,206
5,756,651	Purchase of Electricity	5,346,881	5,855,282
1,198,580	Purchase of Water	1,190,394	1,668,830
10,195,431	Other general expenses	10,806,932	9,578,094
1,894,281	Repairs and Maintenance	2,156,444	1,701,500
1,850,265	Capital Charges	1,680,131	1,601,993
43,741	Contributions to fixed assets	254,157	110,000
775,164	Contributions	230,705	3,139,395
36,605,476	GROSS EXPENDITURE	38,728,697	38,982,752
-3,047,758	Less : Amounts Charged Out	-2,869,353	-3,077,874
33,557,718	NET EXPENDITURE	35,859,344	35,904,878

TSANTSABANE MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006
APPENDIX E
DETAILED INCOME STATEMENT FOR THE YEAR ENDED JUNE 30 , 2006

2005				2006			
Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/(Deficit)
15,691,505	20,708,998	-5,017,493	RATES AND GENERAL SERVICES	16,751,626	24,218,923	-7,467,297	-4,253,761
8,593,551	15,850,462	-7,256,911	Community Services	8,222,242	18,888,577	-10,666,335	-7,487,540
4,134,890	277,290	3,857,600	Assesment Rates	3,850,386	228,000	3,622,386	3,267,394
-	17,004	-17,004	Security	-	-	-	-
-	352	-352	Dog Taxes	-	-	-	-
71,795	3,671,816	-3,600,021	Public Works	6,396	4,971,588	-4,965,192	-3,111,015
-	-	-	Council General	-	-	-	-127,688
-	377,406	-377,406	Administration	270	1,743,662	-1,743,392	-1,157,951
-	3,029,848	-3,029,848	Municipal Manager	-	1,455,161	-1,455,161	-1,930,317
3,461,808	2,219,370	1,242,438	Financial Department	3,227,270	3,858,418	-631,148	808,925
516,133	867,404	-351,271	Traffic Services	803,987	969,497	-165,510	-553,574
-	-	-	Civil Defence	-	-	-	-
28,135	150,504	-122,369	Cemetery	27,828	250,367	-222,539	-235,135
235,018	1,108,301	-873,283	Library	136,690	1,207,125	-1,070,435	-844,212
5,331	78,678	-73,347	Sportfacilities	-	55,449	-55,449	-153,848
57,544	1,339,127	-1,281,583	Municipal Buildings	132,599	1,044,490	-911,891	-845,706
20	1,730,941	-1,730,921	Parks and Recreation	-	2,236,157	-2,236,157	-2,003,177
46,656	10,457	36,199	Commonage	24,012	660	23,352	47,300
-	400	-400	Pound	-	-	-	-1,000
-	264,789	-264,789	Dynamite Works	-	-	-	-
36,221	16,237	19,984	Caravan Park	12,804	21,574	-8,770	10,214
-	690,538	-690,538	Workshop	-	846,429	-846,429	-677,750
-	113,170	-113,170	Subsidised services	829,151	558,675	270,476	-24,549
-	113,170	-113,170	Fire Fighting	-	119,578	-119,578	-24,549
-	-	-	Health	829,151	439,097	390,054	-
7,097,954	4,745,366	2,352,588	Economic Services	7,700,233	4,771,671	2,928,562	3,258,328
2,813,054	1,179,034	1,634,020	Refuse	3,044,057	1,269,248	1,774,809	1,898,803
-	867,612	-867,612	Reticulation	-	880,071	-880,071	-819,603
-	1,051,313	-1,051,313	Sanitation	-	684,441	-684,441	-665,878
4,284,900	1,647,407	2,637,493	Sewerage	4,656,176	1,937,911	2,718,265	2,845,006
-	45,418	-45,418	HOUSING SERVICES	-	44,760	-44,760	-39,147
-	45,418	-45,418	Housing	-	44,760	-44,760	-39,147
16,948,358	12,803,302	4,145,056	TRADING SERVICES	17,566,768	11,595,661	5,971,107	4,292,908
11,402,781	9,162,059	2,240,722	Electricity	11,928,724	8,116,589	3,812,135	2,775,665
5,545,577	3,641,243	1,904,334	Water	5,638,044	3,479,072	2,158,972	1,517,243
32,639,863	33,557,718	-917,855		34,318,394	35,859,344	-1,540,950	-
		-1,840,064	Appropriation for the year			136,843	
		-2,757,919	Net Surplus / (Deficit) for the year			-1,404,107	
		1,627,396	Accumulated Surplus / (Deficit) beginning of the year			-1,130,523	
		-1,130,523	Accumulated Surplus / (deficit) end of the year			-2,534,630	

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2006

APPENDIX F

STATISTICAL INFORMATION

	2003/2004	2004/2005	2005/2006
a) General Statistics			
i) <u>Population</u>	61,000	63,000	64,000
ii) <u>Valuation of property taxable</u>	150,999,309	151,060,370	252,262,031
<u>Valuation of property non-taxable</u>	34,184,092	34,173,792	33,606,625
iii) <u>Valuation of residential property</u>	119,819,206	119,871,546	180,297,660
iv) <u>Valuation of commercial,aggricultural & other properties</u>	65,364,195	65,362,616	105,570,996
v) <u>Number of residential properties</u>	5,566	5,675	5,945
vi) <u>Number of commercial,aggricultural & other properties</u>	867	760	1,139
vii) <u>Residential assesment rates (cent in Rand)</u>	0.0264c/R	0.0280c/R	0.0200c/R
viii) <u>Non-residential assesment rates (cent in Rand)</u>	0.0295c/R	0.0313c/R	0.0225c/R
b) Electrical Statistics			
i) <u>Number of users</u>	879	832	814
ii) <u>Number of units bought</u>	29,459,940	28,232,488	30,702,073
iii) <u>Number of units sold (Conventional meters)</u>	16,102,734	16,210,272	17,352,594
iv) <u>Number of units sold (Pre-paid meters)</u>	6,239,995	7,092,928	8,193,714
v) <u>Total number of units sold</u>	22,342,729	23,303,200	25,546,308
vi) <u>Number of units lost during distribution</u>	7,117,211	4,929,288	5,155,765
vii) <u>Percentage loss during distribution</u>	24.16%	17.46%	16.79%
viii) <u>Costprice of units bought</u>	0.207	0.191	0.184
ix) <u>Cost per unit sold</u>	0.413	0.424	0.318
x) <u>Income per unit sold</u>	0.480	0.489	0.467

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2005

APPENDIX F

STATISTICAL INFORMATION

	2003/2004	2004/2005	2005/2006
c) Water Statistics			
i) <u>Total number of users</u>	7,553	7,739	7,905
ii) <u>Number of units bought Postmasburg</u>	borehole	borehole	borehole
iii) <u>Number of units bought Olifantshoek</u>	465,510	471,000	446,560
iv) <u>Number of units sold Postmasburg</u>	1,351,693	1,263,605	1,200,169
v) <u>Number of units sold Olifantshoek</u>	412,636	389,528	355,492
iv) <u>Total number of units sold</u>	1,764,329	1,653,133	1,555,661
v) <u>Number of units lost during distribution : Olifantshoek</u>	52,874	81,472	91,068
vi) <u>Percentage loss during distribution : Olifantshoek</u>	11.358%	17.298%	20.393%
vii) <u>Costprice of units bought : Olifantshoek</u>	2.82	2.87	3.03
viii) <u>Cost per unit sold : Tsantsabane</u>	2.484	2.244	2.236
ix) <u>Income per unit sold : Tsantsabane</u>	3.533	3.355	3.624